

# QUAYLE MUNRO

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## HOLDINGS PLC

Incorporated and Registered in Scotland under The Companies Act 1985  
Registered No. 72014

Registered Office:  
8 Charlotte Square  
Edinburgh  
EH2 4DR  
14 April 2008

To: The holders of Ordinary Shares of 10p each in the share capital of Quayle Munro holdings PLC (“the Company” or “QMH”) and, for information only, to the holders of options over Ordinary Shares

Dear Shareholder

### **ACQUISITION OF THE VAN TULLEKEN GROUP OF COMPANIES (“VAN TULLEKEN”) AND APPLICATION FOR QUOTATION**

We announced today the completion on 11 April 2008 of the acquisition by QMH of van Tulleken. Although the acquisition of van Tulleken does not require shareholder approval, given its significance to the Company we have decided to write this letter to you. Accordingly, we reproduce below the main parts of the text of the announcement made to the London Stock Exchange in order to provide you with information about the acquisition.

#### **“HIGHLIGHTS**

- Significant strengthening of corporate finance capacity – combined track record of more than 65 deals valued at over £4 billion since 2005
- Transatlantic expansion through New York office
- £6.1 million total consideration
- Earnings enhancing in next financial year

#### **SUMMARY**

The Board of Quayle Munro is delighted to announce the acquisition of van Tulleken, the international corporate finance adviser specialising in the publishing, information and technology industries. The consideration is being satisfied by the issue of 313,988 shares and the payment of £1,952,386 in cash. In addition, share options have been issued to staff of van Tulleken over 59,434 shares.

Quayle Munro is an AIM-listed independent merchant bank with offices in Edinburgh and London, active in corporate finance (including equity and debt advisory), public project finance, specialist fund management and direct investment. In July 2007, the Group acquired the corporate finance adviser, New Boathouse Capital, which was established by Peter Norris in 2000. It has recently advised on transactions for the Virgin Group, including its proposal for Northern Rock, Drillgreat (on the take private of Monsoon), Soho House, Duncton, Target Entertainment and Trainline.

Van Tulleken is an international corporate finance adviser specialising in the information industries – media, technology and publishing. Founded in 1995, with offices in London and New York, clients have included Hearst, Pearson, Dolan Media, Reed Elsevier, von Holzbrinck, Thomson, Wolters Kluwer and Nielsen (formerly VNU), as well as private equity firms and small and medium-sized independent companies. Van Tulleken has closed over 100 transactions since its foundation. Recent transactions include Hearst’s acquisition of the Map of Medicine, Heren Energy’s sale to Reed Business Information, Complinet’s sale of a significant minority interest to Fidelity Equity Partners and Soliloquy Learning’s sale to Scientific Learning.

The combination of van Tulleken and Quayle Munro’s existing corporate finance businesses provides a compelling strategic and cultural fit. The combined Group will have a broader, better balanced corporate finance business with greater diversity of revenues. The Group’s strengthened competitive position and the addition of a New York office will enhance its ability to compete for larger assignments. It will also offer greater opportunities to junior staff, and assist in attracting and retaining top talent.

Peter Norris, Chief Executive of Quayle Munro, commented:

*“This is an excellent opportunity to bring together two businesses with complementary strengths. The acquisition of van Tulleken is an important further step in Quayle Munro’s expansion as an independent merchant bank – the deal will add significantly to the Group’s senior resources and brings with it a number of valuable long term business relationships, both assets key to our approach to business.”*

Kit van Tulleken, CEO of van Tulleken said:

*“This is an exciting development for our clients and staff who will benefit from the increased scale and broader expertise of the combined business. We will importantly maintain the things that have made us successful; our strong sector focus; discretion; dedication to clients, and the highest standards of advice and execution.”*

**VAN TULLEKEN**

Van Tulleken is a leading international corporate finance adviser in the publishing, information and technology industries. With offices in London and New York, van Tulleken serves large international companies as well as small and medium-sized firms in the UK, Europe and the US. Clients include corporations, financial sponsors and the founders/owners of independent companies. Its professionals combine senior operating and executive experience in the publishing and information sectors with extensive knowledge of mergers and acquisitions.

Among clients for whom van Tulleken has acted are international publishing groups such as Wolters Kluwer, Nielsen (formerly VNU), von Holzbrinck, Dolan Media, Hearst, Pearson, Thomson and Reed Elsevier. Van Tulleken has a well established reputation in its areas of expertise. It has closed over 100 transactions.

Since its formation, van Tulleken has grown steadily, notwithstanding fluctuating market conditions. Professional fees derive largely from sell-side mandates. Revenues (the timing of recognition depending principally on the completion of the underlying transactions) in each year since 2004 have been as follows:

2004:	£1,582,463
2005:	£2,175,671
2006:	£3,740,410
2007:	£2,523,450
2008 (1st quarter):	£2,072,837

Historically, van Tulleken has had a policy of paying bonuses out of operating profits at levels determined principally by its need to reserve cash for liquid working capital requirements, which is low, as is typical of a corporate finance business. Profits before tax as reported in the audited accounts have therefore been modest. However, Quayle Munro is confident that, as the remuneration practices of van Tulleken are aligned with those of the combined Group, the acquisition will be earnings enhancing for the Group in its next financial year.

**REASONS FOR THE ACQUISITION**

The combination of Quayle Munro and van Tulleken will:

- create a broader-based and better balanced corporate finance business with a diversified source of revenues. Van Tulleken joins the Group with a strong pipeline of business which is expected to make a significant contribution to Group revenues;
- provide an opportunity for Quayle Munro, which has a number of clients with US businesses, to benefit from van Tulleken’s New York office;
- create a larger base of senior corporate finance resources, which will bring benefits in terms of the Group’s ability to compete for larger assignments;
- offer greater opportunities to junior staff in an expanded Group. This in turn should help Quayle Munro to attract and retain top talent; and

- yield important benefits by combining generalist and specialist skill sets. Van Tulleken sees opportunities to leverage Quayle Munro's product expertise among its clients, for example in debt capital markets and development capital, where it has limited experience of its own. Similarly, van Tulleken's sector-focused approach is a model that Quayle Munro is keen to develop in other sectors where Quayle Munro has established a track record.

It is expected that the merger of van Tulleken with Quayle Munro will enhance the competitive position of the Group for the next stage of its growth in corporate finance.

### **INTEGRATION OF THE BUSINESSES**

Initially, van Tulleken will join the Group as a wholly-owned subsidiary of Quayle Munro and will retain its own balance sheet and regulatory cover. However, in order to realise the planned synergies, the London-based corporate finance activities of the Group will be physically integrated at the earliest opportunity. Accordingly, new premises are being sought in central London to accommodate the London operations. The move is expected to occur during the second half of the current calendar year.

Complete financial, operational and regulatory integration of van Tulleken will take place from the end of Quayle Munro's current financial year on 30 June.

The van Tulleken executives will report to Peter Norris, Chief Executive of Quayle Munro, who will also have responsibility for integration of van Tulleken. The enlarged Group will move to trade under the Quayle Munro name in the near future.

### **BOARD CHANGES**

With effect from close of business today Kit van Tulleken (age 64) will join the Board of Quayle Munro. Kit (whose full name is Catherine Margaret van Hoogenhouck-Tulleken, maiden name Hart) has entered into a service contract under which her employment commences with immediate effect and which is terminable on six months' notice by either side. Her annual salary will be £185,400 and \$33,000. Over the past five years she has held the following directorships, all of which are current:

- The van Tulleken Company Ltd
- Lowndes Street Partners Ltd
- The van Tulleken Company Inc
- Woodhead Publishing Ltd

In order to retain a manageable sized board of directors, and in particular to reduce the number of executive board members, the following directors will resign from the board of Quayle Munro on completion of the acquisition of van Tulleken, with immediate effect:

- Simon Bullivant
- Francis Coles
- Moray Watt

### **APPLICATION FOR QUOTATION**

Application has been made for the 313,988 new ordinary shares in Quayle Munro to be admitted to trading on AIM and it is expected that dealings will commence on Friday 18 April 2008. These ordinary shares will rank *pari passu* with the existing ordinary shares in the Group."

Yours sincerely

**I Q Jones**  
*Chairman*

